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OF COUNSEL
URBAN A. LESTER

January 13, 1994

Mr. Sidney L. Strickland, Jr.
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

RECORDATION NO. 18650 FILED 1425

JAN 13 1994 - 11 30 AM

INTERSTATE COMMERCE COMMISSION

OFFICE OF THE
SECRETARY
JAN 13 11 29 AM '94
LICENSING DIV.

Dear Mr. Strickland:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two duly executed copies of a Security Agreement, dated as of January 6, 1994, a primary document as defined in the Commission's Rules for the Recordation of Documents under 49 C.F.R. Section 1177.

The names and addresses of the parties to the enclosed document are:

Debtor: VECTRA Technologies, Inc.
(formerly Pacific Nuclear Systems, Inc.)
1010 S. 336th, Suite 220
Federal Way, Washington 98003

Secured Party: Banque Paribas
2029 Century Park East, Suite 3900
Los Angeles, California 90067

A description of the railroad equipment covered by the enclosed document is four railcars bearing road marks and numbers PNSX 0001 through PNSX 0003, inclusive, and NPIX 100.

Also enclosed is a check in the amount of \$18.00 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return one stamped copy of the enclosed document to the undersigned.

Very truly yours,



Robert W. Alvord

Enclosures

Counterparts — Signed by M. Levin

Interstate Commerce Commission

Washington, D.C. 20423

OFFICE OF THE SECRETARY

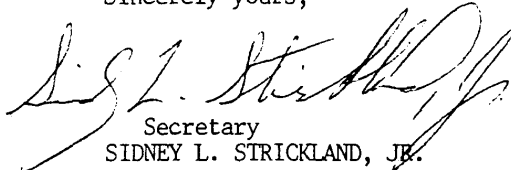
**Robert W. Alvord
Alvord And Alvord
918 Sixteenth Street, N.W.
Suite 200
Washington, D.C. 20006-2973**

1/13/94

Dear **Sirs:**

The enclosed document(s) was recorded pursuant to the provisions
of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303,
on **1/13/94** at **11:30AM**, and assigned
recording number(s). **18650**

Sincerely yours,


Secretary
SIDNEY L. STRICKLAND, JR.

Enclosure(s)

JAN 13 1994 -11 30 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

SECURITY AGREEMENT, dated as of January 6, 1994, between VECTRA TECHNOLOGIES, INC. (formerly known as Pacific Nuclear Systems, Inc.), a Washington corporation (the "Assignor"), and Banque Paribas, acting as agent for itself and the other Secured Parties (as defined below) (in such capacity, together with its successors and assigns, the "Agent").

W I T N E S S E T H:

WHEREAS, the Assignor, the Agent, the financial institutions party thereto from time to time (the "Banks") and Banque Nationale de Paris, as managing agent (the "Managing Agent") have entered into that certain Term Loan Agreement dated as of the date hereof (as the same may be amended, modified, supplemented, restated or replaced from time to time, the "Loan Agreement") pursuant to which the Banks have agreed to make certain term loans (the "Loans") to the Assignor;

WHEREAS, one or more Interest Rate Providers (as defined in the Loan Agreement) may from time to time enter into Rate Hedging Agreements (as defined in the Loan Agreement) with the Assignor; and

WHEREAS, it is a condition precedent to the obligations of the Banks to make the Loans that, inter alia, the Assignor execute and deliver this Security Agreement to the Agent for the benefit of the Secured Parties.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1 Defined Terms. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Loan Agreement. All non-capitalized terms used herein and defined in the UCC (as defined below) shall have the meaning assigned to such terms in the UCC. In addition, the following terms shall have the following meanings herein:

"Account Debtor" shall mean a Person that is obligated on a Receivable.

"Accounts" shall mean "accounts" as such term is defined in Section 9-106 of the UCC.

"Agent" shall have the meaning provided in the first paragraph hereof.

"Banks" shall have the meaning provided in the recitals hereto.

"Chattel Paper" shall mean "chattel paper" as such term is defined in Section 9-105(b) of the UCC.

"Collateral" shall have the meaning assigned to it in Section 2 hereof.

"Collateral Account" shall mean the account (which may be a securities account) maintained pursuant to this Security Agreement by the Agent, entitled "VECTRA Technologies, Inc. Collateral Account, Banque Paribas, as agent, secured party", and all funds and instruments or other items from time to time credited to such account and all interest thereon.

"Collateral Records" shall mean books, records, computer software, computer printouts, customer lists, blueprints, technical specifications, manuals, and similar items which relate to any Collateral other than such items obtained under license or franchise agreements which prohibit assignment or disclosure of such items.

"Deposit Accounts" shall mean the Collateral Account and any deposit account, including without limitation, "deposit accounts" as such term is defined in Section 9-105(e) of the UCC and any other deposit or securities account (general or special), together with any funds, instruments or other items credited to any such account from time to time, and all interest thereon.

"Documents" shall mean "documents" as such term is defined in Section 9-105(f) of the UCC.

"Equipment" shall mean "equipment" as such term is defined in Section 9-109(2) of the UCC, including, without limitation and in any event, all machinery, manufacturing equipment, data processing equipment, computers, office equipment, furniture, appliances and tools.

"Fixtures" shall mean "fixtures" as such term is defined in Section 9-313 of the UCC.

"General Intangibles" shall mean "general intangibles" as such term is defined in Section 9-106 of the UCC, including, without limitation and in any event, rights to the payment of money (other than Receivables), trademarks, servicemarks, copyrights, patents, and contracts, licenses and franchises (except in the case of licenses and franchises in respect of which the Assignor is the licensee or franchisee if the agreement in respect of such license or franchise prohibits by its terms any assignment or grant of a security interest (except to the extent that any such restriction would be rendered ineffective under Section 9-318(4) of the UCC)), limited and general partnership interests and joint venture interests, federal income tax refunds, trade names, distributions on certificated securities (as defined in § 8-102(1)(a) of the UCC) and uncertificated securities (as defined in § 8-102(1)(b) of the UCC), computer programs and other computer software, inventions, designs, trade secrets, goodwill, proprietary rights, customer lists, supplier contracts, sale orders, correspondence, advertising materials, payments due in connection with any requisition, confiscation, condemnation, seizure or forfeiture of any property, reversionary interests in pension and profit-sharing plans and reversionary, beneficial and residual interests in trusts, credits with and other claims against any Person, together with any collateral for any of the foregoing and the rights under any

security agreement granting a security interest in such collateral.

"Hedging Agreements" shall mean interest rate, currency or commodity protection or hedging arrangements, including without limitation and in any event, caps, collars, floors, forwards and any other similar or dissimilar interest rate, currency or commodity exchange agreements or other interest rate or currency hedging arrangements.

"Instruments" shall mean "instruments" as such term is defined in Section 9-105(1)(i) of the UCC.

"Insurance Policies" shall mean all casualty, liability, business interruption, life and other insurance policies, including without limitation each insurance policy required to be maintained by the Assignor and the other Loan Parties pursuant to the terms of this Security Agreement and the other Loan Documents.

"Inventory" shall mean "inventory" as such term is defined in § 9-109(4) of the UCC, including without limitation and in any event, all goods (whether such goods are in the possession of the Assignor or of a bailee or other Person for sale, lease, storage, transit, processing, use or otherwise and whether consisting of whole goods, spare parts, components, supplies, materials or consigned or returned or repossessed goods), including without limitation, all such goods which are held for sale or lease or are to be furnished (or which have been furnished) under any contract of service or which are raw materials or work in progress or materials used or consumed in the Assignor's business.

"Loan Agreement" shall have the meaning provided in the recitals hereto.

"Money" shall mean "money" as such term is defined in Section 1-201(24) of the UCC.

"Motor Vehicles" shall mean motor vehicles, tractors, trailers and other like property, if title thereto is governed by a certificate of title ownership.

"Permitted Liens" shall mean Liens permitted to be incurred by the Assignor pursuant to Section 6.3 of the Loan Agreement.

"Proceeds" shall mean "proceeds" as such term is defined in Section 9-306(1) of the UCC.

"Receivables" shall mean all rights to payment for goods sold or leased or services rendered, whether or not earned by performance and all rights in respect of the Account Debtor, including without limitation, all such rights in which the Assignor has any right, title or interest by reason of the purchase thereof by the Assignor, and including without limitation all such rights constituting or evidenced by any Account, Chattel Paper, Instrument, General Intangible, note, contract, invoice, purchase order, draft, acceptance, book debt, intercompany account, security agreement, or other evidence of indebtedness or security, together with (a) any collateral assigned, hypothecated or held to secure any of the foregoing and the rights under any security agreement granting a security interest in such collateral, (b) all goods, the sale of which gave rise to any of the foregoing, including, without limitation, all rights in any returned or repossessed goods and unpaid seller's rights, (c) all guarantees, endorsements and indemnifications on, or of, any of the foregoing and (d) all powers of attorney for the execution of any evidence of indebtedness or security or other writing in connection therewith.

"Receivables Records" shall mean (a) all original copies of all documents, instruments or other writings evidencing the Receivables, (b) all books, correspondence, credit or other files, records, ledger sheets or cards, invoices, and other papers relating to Receivables, including without limitation all tapes, cards, computer tapes, computer discs, computer runs, record keeping systems and other papers and documents relating to the Receivables, whether in the possession or under the control of the Assignor or any computer bureau or agent from time to time acting for the Assignor or otherwise, (c) all evidences of the filing of financing statements and the registration of other instruments in connection therewith and amendments, supplements or other modifications thereto, notices to other creditors or secured parties, and certificates, acknowledgements, or other writings, including without limitation lien search

reports, from filing or other registration officers, (d) all credit information, reports and memoranda relating thereto and (e) all other written or non-written forms of information related in any way to the foregoing or any Receivable.

"Rolling Stock" shall mean all railcars and other rolling stock owned by the Assignor from time to time, including, without limitation, the railcars and rolling stock described on Schedule V hereto.

"Secured Parties" shall mean the collective reference to the Agent, the Managing Agent, each Bank and each Interest Rate Provider.

"Security Agreement" shall mean this Security Agreement, as the same may from time to time be amended, supplemented, restated or otherwise modified.

"Secured Obligations" shall mean all "Obligations" as such term is defined in Section 1.1 of the Loan Agreement.

"UCC" shall mean the Uniform Commercial Code as in effect from time to time in the State of New York.

ARTICLE II

GRANT OF SECURITY INTERESTS

As security for the prompt and complete payment and performance in full of all the Secured Obligations, the Assignor hereby assigns, pledges and transfers to the Agent for the ratable benefit of the Secured Parties and grants to the Agent for the ratable benefit of the Secured Parties a security interest in and continuing lien on all of the Assignor's right, title and interest in, to and under the following, in each case, whether now owned or existing or hereafter acquired or arising, and wherever located (all of which being hereinafter collectively called the "Collateral"):

- (i) all Accounts;
- (ii) all Chattel Paper;

- (iii) the Collateral Account;
- (iv) all Collateral Records;
- (v) all Deposit Accounts;
- (vi) all Documents;
- (vii) all Equipment;
- (viii) all Fixtures;
- (ix) all General Intangibles;
- (x) all Hedging Agreements;
- (xi) all Instruments;
- (xii) all Insurance Policies;
- (xiii) all Inventory;
- (xiv) all Money;
- (xv) all Motor Vehicles;
- (xvi) all Receivables;
- (xvii) all Receivables Records;
- (xviii) all Rolling Stock;
- (xix) all other tangible and intangible personal property; and
- (xx) all accessions and additions to any or all of the foregoing, all substitutions and replacements for any or all of the foregoing and all Proceeds or products of any or all of the foregoing,

provided, that in no event shall Collateral include, and Assignor shall not be deemed to have granted a security interest in, any of Assignor's rights or interests in any agreement to which Assignor is a party to the extent, but only to the extent that, and only for so long as, such a grant would result in a breach of the terms of such

agreement (other than to the extent that any such term would be rendered ineffective pursuant to Section 9-318(4) of the Uniform Commercial Code of any relevant jurisdiction).

ARTICLE III

REPRESENTATIONS AND WARRANTIES

The Assignor hereby represents and warrants to the Secured Parties, which representations and warranties shall survive execution and delivery of this Security Agreement, as follows:

3.1 Validity, Perfection and Priority. (a) The security interests in the Collateral granted to the Agent for the ratable benefit of the Secured Parties hereunder constitute valid and continuing security interests in the Collateral.

(b) Upon the filing of financing statements naming the Assignor as "debtor" and the Agent as "secured party" describing the Collateral in the filing offices set forth on Schedule I hereto, the security interests in the Collateral granted to the Agent for the ratable benefit of the Secured Parties hereunder will constitute (other than with respect to Collateral the perfection and priority of which is not governed by the Uniform Commercial Code of any relevant jurisdiction and fixtures at locations with respect to which no fixture filing has been made) perfected security interests therein superior and prior to all Liens (other than Liens permitted pursuant to Sections 6.3(a) and (b) of the Loan Agreement), rights or claims of all other Persons.

3.2 No Liens; Other Financing Statements.

(a) Except for the Lien granted to the Agent for the ratable benefit of the Secured Parties hereunder, the Assignor owns and, as to all Collateral whether now existing or hereafter acquired will continue to own, each item of the Collateral free and clear of any and all Liens (other than Permitted Liens) and of any other rights or claims (other than rights of Receivableco

under the Receivables Purchase Agreement) of all other Persons and the Assignor shall defend the Collateral against all claims and demands of all Persons at any time claiming the same or any interest therein adverse to the Agent or any Secured Party.

(b) No financing statement or other evidence of lien covering or purporting to cover any of the Collateral is on file in any public office other than (i) financing statements filed or to be filed in connection with the security interests granted to the Agent for the benefit of the Secured Parties hereunder, (ii) financing statements for which proper termination statements have been delivered to the Agent for filing (iii) financing statements filed in connection with Permitted Liens and (iv) financing statements filed pursuant to the terms of the Receivables Purchase Agreement.

3.3 Chief Executive Office; Records. The chief executive office of the Assignor is located at 1010 South 336th Street, Suite 220, Federal Way, Washington 98003. The originals of the Receivables Records and all Collateral Records are located at the locations identified on Schedule II as such or at the chief executive office of the Assignor. All Receivables are maintained at, and controlled and directed (including, without limitation, for general accounting purposes) from, the chief executive office or the offices identified on Schedule II as such.

3.4 Location of Inventory and Equipment. All Inventory and Equipment now or from time to time included in the Collateral is kept only at the locations listed on Schedule III hereto. None of such Inventory or Equipment is in the possession of an issuer of a negotiable document (as defined in UCC Section 7-104) therefor or otherwise in the possession of a bailee.

3.5 Receivables.

(a) Each Receivable (i) is and will be the genuine, legal, valid and binding obligation of the Account Debtor in respect thereof, representing an unsatisfied obligation of such Account Debtor, (ii) is and will be enforceable in accordance with its terms, (iii) is and will be in full force and effect and is not and will not be subject to any present setoffs (other than as

a result of prepaid billings made by the Account Debtor thereof), defenses, taxes, counterclaims (except to the extent that such Receivable may not yet have been earned by performance) and (iv) is and will be in compliance with all applicable laws, whether federal, state, local or foreign.

(b) Except as the Assignor may otherwise notify the Agent from time to time, none of the Account Debtors in respect of any Receivable in excess of \$5,000 individually or \$25,000 in the aggregate is the United States Government or an agency or instrumentality thereof.

(c) No Receivables which are evidenced by Chattel Paper require the consent of the Account Debtor in respect thereof in connection with assignment hereunder.

(d) No Receivables are evidenced by any Instrument or Chattel Paper which has not been delivered to the Agent (or, once sold pursuant to the terms of the Receivables Purchase Agreement, Receivableco).

(e) The Assignor will, upon the request of the Agent, deliver to the Agent a complete and correct copy of each form of document under which a Receivable may arise, including without limitation, a form of each invoice, security agreement, contract, master contract, promissory note, order form or similar document used by the Assignor in the ordinary course of business.

The representations and warranties contained in this Section shall be deemed to be repeated by the Assignor as of the time when each Receivable arises.

3.6 Tradenames; Prior Names. The only names under which the Assignor has conducted business during the last five years are as set forth on Schedule IV hereto.

3.7 Rolling Stock. All Rolling Stock owned by the Assignor on the Closing Date is identified on Schedule V hereto.

ARTICLE IV

COVENANTS

The Assignor covenants and agrees with the Agent and the other Secured Parties that from and after the date of this Security Agreement:

4.1 Further Assurances. (a) At any time and from time to time, upon the request of the Agent, and at the sole expense of the Assignor, the Assignor will promptly and duly execute and deliver any and all such further instruments, endorsements, powers of attorney and other documents, make such filings, give such notices and take such further action as the Agent may deem desirable in obtaining the full benefits of this Security Agreement and of the rights, remedies and powers herein granted, including, without limitation, the following:

(i) the filing of any financing statements, in form acceptable to the Agent under the Uniform Commercial Code in effect in any jurisdiction with respect to the Liens and security interests granted hereby. The Assignor also hereby authorizes the Agent to file any such financing statement without the signature of the Assignor to the extent permitted by applicable law. A photocopy or other reproduction of this Security Agreement shall be sufficient as a financing statement and may be filed in lieu of the original to the extent permitted by applicable law. The Assignor will pay or reimburse the Agent for all filing fees and related expenses;

(ii) the making or the reimbursement to the Agent for making all searches deemed necessary by the Agent to establish and determine the priority of the security interests of the Agent for the benefit of the Secured Parties or to determine the presence or priority of other secured parties;

(iii) upon request of the Agent, cause the Agent for the benefit of the Secured Parties to be listed as the lienholder on the certificate of title or ownership covering any Collateral covered

by such a certificate of title or ownership and to deliver evidence thereof to the Agent; and

(iv) furnish to the Agent from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Agent may reasonably request, all in reasonable detail and in form satisfactory to the Agent.

4.2 Change of Chief Executive Office. The Assignor will not move its chief executive office except to such new location as the Assignor may establish in accordance with the last sentence of this Section. The originals of all Receivables Records and all Collateral Records will continue to be kept at such chief executive office or at the locations identified on Schedule II as such, or at such new locations as the Assignor may establish in accordance with the last sentence of this Section. All Receivables and Receivables Records of the Assignor will continue to be maintained at, and controlled and directed (including, without limitation, for general accounting purposes) from, a location identified as such on Schedule II, or such new locations as the Assignor may establish in accordance with the last sentence of this Section. The Assignor shall not establish a new location for its chief executive office or such activities (or move any such activities from the location listed on Schedule II therefor) until (i) it shall have given to the Agent not less than 30 days' prior written notice of its intention to do so, clearly describing such new location and providing such other information in connection therewith as the Agent may reasonably request, and (ii) with respect to such new location, it shall have taken all action satisfactory to the Agent as the Agent may request to maintain the security interest of the Agent in the Collateral intended to be granted hereby at all times fully perfected with the same or better priority and in full force and effect.

4.3 Change of Location of Inventory and Equipment. The Assignor agrees that (i) all Inventory and Equipment now held or subsequently acquired by it shall be kept at (or shall be in transport to) any one of the locations shown on Schedule III, or such new location as the Assignor may establish in accordance with the last

sentence of this Section. The Assignor may establish a new location for Inventory and Equipment only if (i) it shall have given to the Agent not less than 30 days' prior written notice of its intention to do so, clearly describing such new location and providing such other information in connection therewith as the Agent may reasonably request, and (ii) with respect to such new location, it shall have taken all action satisfactory to the Agent as the Agent may request to maintain the security interest of the Agent in the Collateral intended to be granted hereby at all times fully perfected with the same or better priority and in full force and effect.

4.4 Change of Name, Identity or Corporate Structure. The Assignor shall not change its name or conduct any significant portion of its business under any new tradenames, identity or corporate structure until (i) it shall have given to the Agent not less than 30 days' prior written notice of its intention to do so, clearly describing such new name, identity or corporate structure or such new tradename and providing such other information in connection therewith as the Agent may reasonably request, and (ii) with respect to such new name, identity or corporate structure or such new tradename, it shall have taken all action satisfactory to the Agent as the Agent may request to maintain the security interest of the Agent in the Collateral intended to be granted hereby at all times fully perfected with the same or better priority and in full force and effect.

4.5 Delivery of Instruments. If any Instrument shall at any time comprise any portion of the Collateral, the Assignor shall within five Business Days notify the Agent thereof, and deliver such Instrument to the Agent appropriately indorsed or assigned or to the order of the Agent or in such other manner as shall be satisfactory to the Agent.

4.6 Delivery of Chattel Paper. If Chattel Paper shall at any time comprise any portion of the Collateral, the Assignor shall within five Business Days notify the Agent thereof, and promptly deliver such Chattel Paper to the Agent.

4.7 Maintain and Mark Records and Receivables. The Assignor will keep and maintain at its own cost and expense satisfactory and complete records of the Collat-

eral, including, but not limited to, the originals of all documentation with respect to all Receivables and records of all payments received and all credits granted on the Receivables, all merchandise returned and all other dealings therewith. The Assignor shall legend, in form and manner reasonably satisfactory to the Agent, all Chattel Paper and other evidence of Receivables, as well as the Receivables Records with an appropriate reference to the fact that the Chattel Paper and all other Receivables have been assigned to the Agent for the benefit of the Secured Parties and that the Agent has a security interest therein.

4.8 Right of Inspection. Subject to applicable regulations of the United States Department of Energy and the United States Department of Defense, the Agent and the other Secured Parties shall at all times have full and free access during normal business hours to all the books, correspondence and records of the Assignor, and the Agent and the other Secured Parties and their respective representatives may examine the same, take extracts therefrom and make photocopies thereof, and the Assignor agrees to render to the Agent and the Secured Parties, at the Assignor's cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto. The Agent and the Secured Parties and their respective representatives shall at all times also have the right to enter into and upon any premises where any of the Inventory or Equipment is located for the purpose of inspecting the same, observing its use or otherwise protecting its interests therein.

4.9 Insurance. The Assignor shall maintain or cause to be maintained with financially sound and reputable insurers acceptable to the Agent and licensed to do business in each state in which any of the Collateral covered by any policy is located, such insurance as is required by the Loan Agreement. All policies of insurance shall (i) name the Agent and each of the other Secured Parties as additional insured (with respect to liability insurance policies) or loss payees with a lender's loss payable endorsement and a standard "New York" mortgagee provision with a no contribution clause (with respect to property insurance policies), in each case as their respective interests may appear, (ii) include waivers by the insurer of all claims for insurance premiums against the Agent or any other Secured Par-

ty, (iii) provide that any losses shall be payable to the Agent and the other Secured Parties notwithstanding (A) any act, failure to act or negligence of or violation of warranties, declarations or conditions contained in such policy by the Assignor, the Agent or any other Secured Party, (B) any foreclosure or other proceedings or notice of sale relating to any Collateral insured thereunder, or (C) any change in the title to or ownership of any Collateral insured thereunder, and (iv) provide that no cancellation, termination or lapse in coverage thereof shall be effective until at least 30 days after receipt by the Agent of written notice thereof. The Assignor shall pay the premiums for all policies of insurance as the same become due and payable and shall deliver evidence thereof to the Agent. At the request of the Agent, the Assignor will assign and deliver all policies of insurance to the Agent. In any event, a certificate of insurance for each of the policies of insurance shall be issued to the Agent. Not later than 30 days prior to the expiration date of each of the policies, the Assignor will deliver to the Agent a renewal policy or policies or certificates of insurance to the Agent accompanied by evidence of payment of premiums satisfactory to the Agent. If at any time the Agent is not in receipt of written evidence that all insurance required hereunder is in full force and effect, the Agent shall have the right without notice to the Assignor to take such action as the Agent deems necessary to protect its interest in the Collateral, including, without limitation, the payment of any premiums that are due and payable or the obtaining of such insurance coverage as the Agent in its sole discretion deems appropriate, and all expenses incurred by the Agent in connection with such action or in obtaining such insurance and keeping it in effect, together with interest thereon at a rate equal to the Base Rate plus 2% per annum shall be paid by the Assignor to the Agent upon demand and such payment obligations shall be secured hereby. Anything contained in this Section to the contrary notwithstanding, any and all insurance which the Assignor is obligated to carry pursuant to this Section may be carried under a general coverage "floater" policy, master insurance policy, "blanket" policy or policies covering other properties or liabilities, provided that the coverage so provided in accordance with the requirements set forth herein shall not be diminished or hindered by reason of the inclusion, insurance under a policy containing aggregate loss limits.

If the Collateral shall be damaged or destroyed, in whole or in part, by fire or other casualty, the Assignor shall give prompt notice thereof to the Agent. No settlement on account of any loss covered by insurance shall be made for less than fair market value without the consent of the Agent.

4.10 Receivables. (a) The Assignor shall perform in all material respects all of its obligations with respect to the Receivables.

(b) The Assignor shall not amend, modify, terminate or waive any provision of any Receivable in any manner which could reasonably be expected to materially adversely affect the value of such Receivable as Collateral. Other than (i) in the ordinary course of business as generally conducted by it and (ii) while no Default or Event of Default shall have occurred and be continuing, the Assignor shall not (w) grant any extension of the time of payment of any Receivable, (x) compromise or settle any dispute, claim or legal proceeding with respect to any Receivable for less than the total unpaid balance thereof, (y) release, wholly or partially, any Person liable for the payment thereof, or (z) allow any credit or discount thereon.

(c) The Assignor shall use its best efforts (including, without limitation, prompt and diligent exercise of each material right it may have under any Receivable (other than any right of termination)) to cause to be collected from each Account Debtor, as and when due (including, without limitation, amounts which are delinquent, such amounts to be collected in accordance with generally accepted lawful collection procedures) any and all amounts owing under or on account of any Receivable, and apply all collected amounts to the outstanding balance of such Receivable immediately upon receipt thereof. The costs of collection, whether incurred by the Assignor or the Agent shall be borne by the Assignor and if incurred by the Agent shall be reimbursed, together with interest thereon at a rate equal to 2% over the Base Rate, to the Agent upon demand and such reimbursement obligation shall be secured hereby.

(d) Upon the occurrence of an Event of Default and at the request of the Agent, the Assignor shall establish such lock-box arrangements for the col-

lection of Receivables as the Agent may require in its sole discretion.

4.11 Warehouse Receipts Non-negotiable. The Assignor agrees that if any warehouse receipt or receipt in the nature of a warehouse receipt or other Document is issued with respect to any of its Inventory, such warehouse receipt or receipt in the nature thereof or other Document shall not be "negotiable" (as such term is used in Section 7-104 of the UCC or under other relevant law).

4.12 Payment of Obligations. The Assignor will pay promptly when due all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of its income or profits therefrom, as well as all claims of any kind (including, without limitation, claims for labor, materials, supplies and services) against or with respect to the Collateral, except that no such charge need be paid if (i) the validity thereof is being contested in good faith by appropriate proceedings, (ii) such proceedings do not involve, in the sole opinion of the Agent, any material danger of the sale, forfeiture or loss of any of the Collateral or any interest therein and (iii) such charge is adequately reserved against on the Assignor's books in accordance with GAAP.

4.13 No Impairment. The Assignor will not take or permit to be taken any action which could impair the Agents' or any Secured Party's rights in the Collateral.

4.14 Notice. The Assignor will advise the Agent promptly, in reasonable detail, in accordance with the provisions hereof of any Lien (other than Permitted Liens) on, or claim asserted against any of the Collateral.

4.15 Performance by Agents of Assignor's Obligations; Reimbursement. If the Assignor fails to perform or comply with any of its agreements contained herein the Agent may, without notice to or consent by the Assignor, perform or comply or cause performance or compliance therewith and the expenses of such Agent incurred in connection with such performance or compliance, together with interest thereon at a rate per annum equal to 2% above the Base Rate, shall be payable by the

Assignor to such Agent on demand and such reimbursement obligation shall be secured hereby.

ARTICLE V

SPECIAL PROVISIONS REGARDING RECEIVABLES AND CONTRACTS

5.1 Assignor Remains Liable under Receivables and Contracts. Anything herein to the contrary notwithstanding (including without limitation the grant of any rights to the Agent), the Assignor shall remain liable under each of the Receivables and contracts to which it is a party to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise to each such Receivable or contract. Neither the Agent nor any other Secured Party shall have any obligation or liability under any Receivable (or any agreement giving rise thereto) or contract by reason of or arising out of this Security Agreement or the receipt by the Agent or any of the Secured Parties of any payment relating to such Receivable or contract pursuant hereto, nor shall the Agent or any of the Secured Parties be obligated in any manner to perform any of the obligations of the Assignor under or pursuant to any Receivable (or any agreement giving rise thereto) or under or pursuant to any contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Receivable (or any agreement giving rise thereto) or under any contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

5.2 Notice to Account Debtors. At any time, the Agent may, and upon request of the Agent the Assignor shall, notify Account Debtors that the Receivables have been assigned to the Agent and that payments in respect thereof shall be made directly to the Agent. The Agent may in its own name or in the name of others communicate with Account Debtors to verify with them to its satisfaction the existence, amount and terms of any Receivables.

5.3 Collections on Receivables. The Agent hereby authorizes the Assignor to collect the Receivables, subject to the Agent's direction and control, and the Agent may curtail or terminate said authority at any time and itself, or by its agents, collect all Receivables. If required by the Agent at any time after the occurrence and during the continuance of an Event of Default, any payments of Receivables, when collected by the Assignor, shall be forthwith (and, in any event, within two Business Days) delivered by the Assignor to the Agent in the exact form received, duly indorsed by the Assignor to the Agent if required, for deposit in the Collateral Account, and, until so turned over, shall be held by the Assignor in trust for the Agent and the other Secured Parties, segregated from other funds of the Assignor. All Proceeds, while held by the Agent (or by the Assignor in trust for the Agent and the other Secured Parties) shall continue to be Collateral securing for all of the Secured Obligations and shall not constitute payment thereof until applied as hereinafter provided.

ARTICLE VI

COLLATERAL ACCOUNT

6.1 Collateral Account. The Collateral Account shall be under the sole and exclusive dominion and control of the Agent and the Assignor shall have no rights with respect to the Collateral Account except as specifically set forth below with regard to determination of the nature of investments to be made with amounts credited to the Collateral Account. Without limiting the generality of the foregoing, the Assignor shall have no right of withdrawal or transfer from the Collateral Account.

6.2 Deposit of Proceeds. There shall be deposited in the Collateral Account from time to time the cash proceeds (as defined in Section 9-306(1) of the UCC) of any of the Collateral (including insurance proceeds thereon (except, so long as no Event of Default shall have occurred and be continuing and subject to the terms of the Mortgages, such insurance proceeds which have been paid to Assignor as are used by Assignor, in its reasonable discretion, to replace Collateral) required to be delivered to the Agent pursuant hereto. All amounts and

investments and other items credited to the Collateral Account from time to time shall constitute Collateral hereunder and shall not constitute payment of the Secured Obligations until applied as hereinafter provided. At any time following the occurrence and during the continuance of an Event of Default, the Agent may in its discretion apply or cause to be applied (subject to collection) the balance from time to time outstanding to the credit of the Collateral Account to the payment of the Secured Obligations in the manner specified herein.

6.3 Investment of Balance in Collateral Account. Amounts credited to the Collateral Account shall be invested from time to time in such Cash Equivalents as the Assignor (or, after the occurrence and during the continuance of a Default or Event of Default, the Agent) shall determine, which Cash Equivalents shall be held in the name and be under the control of the Agent.

ARTICLE VII

POWER OF ATTORNEY

7.1 Agent's Appointment as Attorney-in-Fact.

(a) The Assignor hereby irrevocably constitutes and appoints the Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Assignor and in the name of the Assignor or in its own name, from time to time in the Agent's discretion, for the purpose of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement, and, without limiting the generality of the foregoing, the Assignor hereby gives the Agent the power and right, on behalf of the Assignor, without notice to or assent by the Assignor, to do the following:

(i) in the case of any Receivable, at any time when the authority of the Assignor to collect the Receivables has been curtailed or terminated pursuant hereto, or in the case of any other Collateral, at any time when any Event of Default shall have occurred

and be continuing, in the name of the Assignor or its own name, or otherwise, to take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under, or with respect to, any Collateral; in the name of the Assignor or otherwise to direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Agent or as the Agent shall direct; to ask or demand for, collect, receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral;

(ii) to prepare, sign and file any Uniform Commercial Code financing statements in the name of the Assignor as debtor;

(iii) to take or cause to be taken all actions necessary to perform or comply or cause performance or compliance with the terms of this Security Agreement, including, without limitation, actions to pay or discharge taxes and Liens levied or placed on or threatened against the Collateral, to effect any repairs or obtain any insurance called for by the terms of this Security Agreement and to pay all or any part of the premiums therefor and the costs thereof;

(iv) upon the occurrence and during the continuance of any Event of Default, (a) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (b) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any thereof and to enforce any other right in respect of any Collateral; (c) to defend any suit, action or proceeding brought against the Assignor with respect to any Collateral; (d) to settle, compromise or

adjust any suit, action or proceeding described in the preceding clause and, in connection therewith, to give such discharges or releases as the Agent may deem appropriate; and (e) generally, to sell or transfer and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Agent were the absolute owner thereof for all purposes, and to do, at the Agent's option and the Assignor's expense, at any time, or from time to time, all acts and things which the Agent deems necessary to protect, preserve or realize upon the Collateral and the Liens of the Agent and the Secured Parties thereon and to effect the intent of this Security Agreement, all as fully and effectively as the Assignor might do; and

(v) at any time and from time to time, to execute, in connection with any foreclosure, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

The Assignor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

The Assignor hereby acknowledges and agrees that in acting pursuant to this power-of-attorney the Agent shall be acting in its own interest and in the interest of the other Secured Parties and the Assignor acknowledges and agrees that the Agent shall have no fiduciary duties to the Assignor and the Assignor hereby waives any claims to the rights of a beneficiary of a fiduciary relationship hereunder.

(b) No Duty on the Part of Agents or Secured Parties. The powers conferred on the Agent hereunder are solely to protect the interests of the Agent and the other Secured Parties in the Collateral and shall not impose any duty upon the Agent or any Secured Party to exercise any such powers. The Agent and the other Secured Parties shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of

their officers, directors, employees or agents shall be responsible to the Assignor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct.

ARTICLE VIII

REMEDIES; RIGHTS UPON DEFAULT

8.1 Rights and Remedies Generally. If an Event of Default shall occur and be continuing, then and in every such case, the Agent shall have all the rights of a secured party under the UCC, shall have all rights now or hereafter existing under all other applicable laws, and, subject to any mandatory requirements of applicable law then in effect, shall have all the rights set forth in this Security Agreements and all the rights set forth with respect to the Collateral or this Security Agreement in any other agreement between the parties. No enumeration of rights in this Article or elsewhere in this Security Agreement or in any related document or other agreement shall be deemed to in any way limit the rights of the Agent as described in this Section.

8.2 Proceeds. If an Event of Default shall occur and be continuing, in addition to the rights of the Agent specified in Article V with respect to the payment of Receivables and Proceeds of lockboxes, (a) all Proceeds received by the Assignor consisting of cash, checks and other near-cash items shall be held by the Assignor in trust for the Agent and the other Secured Parties, segregated from other funds of the Assignor in a separate deposit account containing only Proceeds, and shall forthwith upon receipt by the Assignor be turned over to the Agent, in the same form received by the Assignor (appropriately indorsed or assigned by the Assignor to the order of the Agent or in such other manner as shall be satisfactory to the Agent); and

(b) any and all such Proceeds received by the Agent (whether from the Assignor or otherwise), or any part thereof, may, in the sole discretion of the Agent, be held by the Agent in the Collateral Account as Collateral hereunder and/or then or at any time or from time to time thereafter, be applied by the Agent against

the Secured Obligations (whether matured or unmatured), in such order as the Agent may elect.

8.3 Collection of Receivables. If an Event of Default shall occur and be continuing, (a) the Agent may instruct the obligor or obligors on any obligation owing or purporting to be owed to the Assignor constituting the Collateral (including, without limitation, the Receivables and any other agreement or Instrument) to make any payment required by the terms of such obligation directly to the Agent;

(b) the Agent shall have the right from time to time to modify (including, without limitation, to extend the time for payment or arrange for payment in installments) or waive rights under any such obligation and to compromise or settle counterclaims or setoffs with the obligor under any such obligation;

(c) any and all of such proceeds of such collections paid to the Agent, or any part thereof, (after deduction of the Agent's reasonable expenses of collection, including, without limitation, reasonable attorneys fees and disbursements) may, in the sole discretion of the Agent, be held by the Agent in the Collateral Account as Collateral hereunder and/or then or at any time or from time to time thereafter, be applied by the Agent against the Secured Obligations (whether matured or unmatured) in such order as the Agent may elect.

8.4 Direct Assignor to Dispose of Collateral. If an Event of Default shall occur and be continuing, (a) the Agent may direct the Assignor to sell, assign or otherwise liquidate or dispose of all or from time to time any portion of the Collateral, and the Assignor shall do so, and the Agent may, at its option, take possession of the Proceeds of such Collateral. The Agent may direct the Assignor to direct that all Proceeds of such Collateral be paid directly to the Agent or may permit the Proceeds of such Collateral to be paid to the Assignor and all such Proceeds consisting of cash, checks, or near-cash items shall be held by the Assignor in trust for the Agent, segregated from other funds of the Assignor in a separate deposit account containing only Proceeds and shall forthwith upon receipt by the Assignor be turned over to the Agent, in the same form received by the Assignor (appropriately indorsed or as-

signed by the Assignor to the order of the Agent or in such other manner as shall be satisfactory to the Agent; and

(b) any and all such Proceeds received by the Agent (whether from the Assignor or otherwise), may, in the sole discretion of the Agent be held by the Agent in the Collateral Account as Collateral hereunder and/or then or at any time or from time to time thereafter, be applied by the Agent against the Secured Obligations (whether matured or unmatured) in such order as the Agent may elect. Any balance of such Proceeds remaining upon termination of this Security Agreement shall be paid over to the Assignor or as a court of competent jurisdiction may otherwise direct.

8.5 Collateral Account. If an Event of Default shall occur and be continuing, the Agent may liquidate any securities credited to the Collateral Account (including any Cash Equivalents) and apply the proceeds thereof and any other amounts credited to the Collateral Account to the Secured Obligations (whether matured or unmatured) in such order as the Agent may elect.

8.6 Possession of Collateral. If an Event of Default shall occur and be continuing, (a) the Agent may, personally or by agents or attorneys, immediately retake possession of the Collateral (including the originals of all or any Receivables and Receivables Records) or any part thereof, from the Assignor or any other Person who then has possession of any part thereof with or without notice or judicial process, and for that purpose may enter upon the Assignor's premises where any of the Collateral is located and remove the same and may use in connection with such removal any and all services, supplies, aids and other facilities of the Assignor; and

(b) upon ten days notice to the Assignor, the Assignor shall, at its own expense, assemble the Collateral, including, without limitation, the originals of all Receivables Records (or from time to time any portion thereof) and make it available to the Agent by delivery to the Agent at any place or places designated by the Agent which is reasonably convenient to both parties, whether at the Assignor's or the Agent's premises or elsewhere. The Assignor, shall at its sole expense, store and keep any Collateral so assembled at

such place or places pending further action by the Agent and while the Collateral shall be so stored and kept, provide such guards and maintenance services as shall be necessary to protect the same and to preserve and maintain the Collateral in good condition. The Assignor's obligation so to assemble and deliver the Collateral is of the essence of this Security Agreement and, accordingly, upon application to a court of equity having jurisdiction, the Agent shall be entitled to a decree requiring specific performance by the Assignor of said obligation.

(c) When Collateral is in the Agent's possession, (i) the Assignor shall pay (or reimburse the Agent on demand for) all expenses (including the cost of any insurance and payment of taxes or other charges) incurred in the custody, preservation, use or operation of the Collateral, and the obligation to reimburse all such expenses shall be secured hereby and (ii) the risk of accidental loss or damage shall be on the Assignor to the extent of any deficiency in any effective insurance coverage.

8.7 Disposition of the Collateral. If an Event of Default shall occur and be continuing, the Agent may sell, assign, lease, give an option or options to purchase or otherwise dispose of the Collateral (or contract to do any of the foregoing) under one or more contracts or as an entirety, and without the necessity of gathering at the place of sale the property to be sold, at public or private sale or sales, conducted by any officer, nominee or agent of, or auctioneer or attorney for the Agent at any location of any third party conducting or otherwise involved in such sale or any office of the Agent or any other Secured Party or elsewhere and in general in such manner, at such time or times and upon such terms and conditions and at such price as it may consider commercially reasonable, for cash or on credit or for future delivery without assumption of any credit risk. The Agent may in its sole discretion restrict prospective bidders as to their number, nature of their business and investment intention. Any of the Collateral may be sold, leased, assigned or options or contracts entered to do so, or otherwise disposed of, in the condition in which the same existed when taken by the Agent or after any overhaul or repair which the Agent shall determine to be commercially reasonable. Any such disposition

which shall be a private sale or other private proceeding shall be made upon not less than 10 days' written notice to the Assignor specifying the time after which such disposition is to be made and the intended sale price or other consideration therefor. Any such disposition which shall be a public sale shall be made upon not less than 10 days' written notice to the Assignor (which the Assignor agrees to be commercially reasonable) specifying the time and place of such sale. To the extent permitted by applicable law, the Agent and any other Secured Party may bid for and become the purchaser of the Collateral or any item thereof offered for sale in accordance with this Section without accountability to the Assignor (except to the extent of surplus money received) as provided below. In the payment of the purchase price of the Collateral, the purchaser shall be entitled to have credit on account of the purchase price thereof of amounts owing to such purchaser on account of any of the Obligations and any such purchaser may deliver notes, claims for interest, or claims for other payment with respect to such Obligations in lieu of cash up to the amount which would, upon distribution of the net proceeds of such sale, be payable thereon. Such notes, if the amount payable hereunder shall be less than the amount due thereon, shall be returned to the holder thereof after being appropriately stamped to show partial payment. Notwithstanding the foregoing, if the Collateral or any portion thereof is perishable or threatens to decline speedily in value or is of a type customarily sold in a recognized market no notice of disposition shall be required.

8.8 Recourse.

The Assignor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to satisfy the Secured Obligations. The Assignor shall also be liable for all expenses of the Agent incurred in connection with collecting such deficiency, including, without limitation, the fees and disbursements of any attorneys employed by the Agent or any other Secured Party to collect such deficiency.

8.9 Expenses; Attorneys Fees. The Assignor shall reimburse the Agent for all its expenses in connection with the exercise of its rights hereunder, including

without limitation all attorneys' fees and legal expenses incurred by the Agent.

8.10 Application of Proceeds. All sums received by the Agent hereunder or in respect of the Collateral shall be applied by the Agent as follows:

(a) first, to the payment of all costs and expenses incurred by the Agent in the assembly, sale, disposition or liquidation of the Collateral (including, without limitation, stamp or other taxes in respect of the transfer or sale of any Collateral and the compensation, expenses and disbursements of the Agent and its counsel);

(b) second, to the payment of the whole amount of the Secured Obligations then due and payable and in case there shall be insufficient moneys to pay in full the whole amount of the Secured Obligations then so due and payable, then such payment shall be made ratably to the Secured Parties without discrimination or preference; and

(c) third, any balance shall be paid to the Assignor or to whomsoever may be entitled thereto or as a court of competent jurisdiction may direct, provided that in the event that all of the conditions to the termination of this Security Agreement shall not have been fulfilled, such balance shall be held by the Agent in the Collateral Account as Collateral hereunder and applied from time to time as provided in subsections (a) and (b) above until all such conditions shall have been fulfilled.

All amounts distributed to any Secured Party pursuant to subsections (b) or (c) above shall be applied to the Secured Obligations then due and owing to such Secured Party in such order as such Secured Party may elect.

8.11 Limitation on Duties Regarding Preservation of Collateral. (a) The Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the UCC or otherwise, shall be to deal with it in the same manner as the Agent deals with similar property for its own account.

(b) The Agent shall have no obligation to take any steps to preserve rights against prior parties to any Collateral.

(c) Neither the Agent nor any of its directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Assignor or otherwise.

8.12 Waiver of Claims. Except as otherwise provided in this Security Agreement, **THE ASSIGNOR HEREBY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, NOTICE AND JUDICIAL HEARING IN CONNECTION WITH THE AGENT'S TAKING POSSESSION OR THE AGENT'S DISPOSITION OF ANY OF THE COLLATERAL, INCLUDING, WITHOUT LIMITATION, ANY AND ALL PRIOR NOTICE AND HEARING FOR ANY PREJUDGMENT REMEDY OR REMEDIES AND ANY SUCH RIGHT WHICH ASSIGNOR WOULD OTHERWISE HAVE UNDER THE CONSTITUTION OR ANY STATUTE OF THE STATES OR OF ANY STATE,** and the Assignor hereby further waives, to the extent permitted by law:

(a) all damages occasioned by such taking of possession except any damages which are the direct result of the Agent's gross negligence or willful misconduct;

(b) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Agent's rights hereunder;

(c) demand of performance or other demand, notice of intent to demand or accelerate, notice of acceleration presentment, protest, advertisement or notice of any kind to or upon the Assignor or any other Person; and

(d) all rights of redemption, appraisal, valuation, diligence, stay, extension or moratorium now or hereafter in force under any applicable law in order to prevent or delay the enforcement of this Security Agreement or the absolute sale of the Collateral or any portion thereof and the Assignor, for itself and all who may claim under it, insofar as it or they now or

hereafter lawfully may, hereby waives the benefit of all such laws.

8.13 Discontinuance of Proceedings. In case the Agent shall have instituted any proceeding to enforce any right, power or remedy under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Agent, then and in every such case the Assignor and the Agent and the Secured Parties shall be returned to their former positions and rights hereunder with respect to the Collateral subject to the security interest created under this Security Agreement, and all rights, remedies and powers of the Agent shall continue as if no such proceeding had been instituted.

8.14 Government Regulations. Notwithstanding anything contained herein to the contrary, each Secured Party agrees that Secured Party's rights hereunder, including without limitation the Agent's right to realize on Collateral, shall be subject to all applicable regulations of the United States Department of Energy and the United States Department of Defense and other applicable law.

ARTICLE IX

INDEMNITY

9.1 Indemnity. (a) The Assignor agrees to indemnify, reimburse and hold the Agent and each Secured Party, and their respective officers, directors, employees, representatives and agents (hereinafter in this Section referred to individually as "Indemnatee" and collectively as "Indemnitees") harmless from any and all liabilities, obligations, losses, damages, penalties, claims, actions, judgments, suits, costs, expenses or disbursements (including attorneys' fees and expenses) (for the purposes of this Section the foregoing are collectively called "expenses") for whatsoever kind or nature which may be imposed on, asserted against or incurred by any of the Indemnitees in any way relating to or arising out of this Security Agreement or the documents executed in connection herewith or in any other way connected with the administration of the transactions

contemplated hereby or the enforcement of any of the terms of or the preservation of any rights hereunder, or in any way relating to or arising out of the manufacture, ownership, ordering, purchase, delivery, control, acceptance, lease, financing, possession, operation, condition, sale, return or other disposition or use of the Collateral (including, without limitation, latent or other defects, whether or not discoverable), the violation of the laws of any country, state or other governmental body or unit, any tort (including, without limitation, claims arising or imposed under the doctrine of strict liability, or for or on account of injury to or the death of any Person (including any Indemnatee), or for property damage) or any contract claim; provided that no Indemnatee shall be indemnified pursuant to this Section for expenses to the extent caused by the gross negligence or wilful misconduct of such Indemnatee as determined by a final, non-appealable judgment of a court of competent jurisdiction.

(b) Without limiting the application of clause (a) of this Section, the Assignor agrees to pay, or reimburse the Agent for any and all fees, costs and expenses of whatever kind or nature incurred in connection with the creation, preservation or protection of the Agent's Liens on, and security interest in, the Collateral, including, without limitation, all fees and taxes in connection with the recording or filing of instruments and documents in public offices, payment or discharge of any taxes or Liens upon or in respect of the Collateral, premiums for insurance with respect to the Collateral and all other fees, costs and expenses in connection with protecting, maintaining or preserving the Collateral and the Agent's interest therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions, suits or proceedings arising out of or relating to the Collateral.

(c) Without limiting the application of clauses (a) or (b) of this Section, the Assignor agrees to pay, indemnify and hold each Indemnatee harmless from and against any expenses which such Indemnatee may suffer, expend or incur in consequence of or growing out of any misrepresentation by the Assignor in this Security Agreement or in any statement or writing contemplated by or made or delivered pursuant to or in connection with this Security Agreement.

(d) If and to the extent that the obligations of the Assignor under this Section are unenforceable for any reason, Assignor hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under applicable law.

9.2 Indemnity Obligations Secured by Collateral; Survival. Any amounts paid by any Indemnatee as to which such Indemnatee has the right to reimbursement shall constitute Secured Obligations secured by the Collateral. The indemnity obligations of the Assignor contained in this Article shall continue in full force and effect notwithstanding the full payment and performance of the Secured Obligations and notwithstanding the discharge thereof.

ARTICLE X

MISCELLANEOUS

10.1 Governing Law; Submission to Jurisdiction. (a) **THIS SECURITY AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.**

(b) Any legal action or proceeding with respect to this Security Agreement and any action for enforcement of any judgment in respect thereof may be brought in the courts of the State of New York or of the United States of America for the Southern District of New York, and, by execution and delivery of this Security Agreement, the Assignor hereby accepts for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts and appellate courts from any thereof. The Assignor irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the Assignor at its address set forth under its signature below. The Assignor hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Security Agreement brought in the

courts referred to above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum. Nothing herein shall affect the right of the Agent, to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against the Assignor in any other jurisdiction.

10.2 Waiver of Trial by Jury. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE ASSIGNOR AND THE AGENT (ON BEHALF OF ITSELF AND THE OTHER SECURED PARTIES) HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS SECURITY AGREEMENT OR ANY MATTER ARISING HEREUNDER.

10.3 Limitation of Liability. No claim may be made by the Assignor or any other Person against the Agent or any other Secured Party or the affiliates, directors, officers, employees, attorneys or agent of any of them for any special, indirect, consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Security Agreement, or any act, omission or event occurring in connection therewith; and the Assignor hereby waives, releases and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

10.4 Notices. Except as otherwise expressly provided herein, all notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing and shall be delivered in the manner and with the effect set forth in Section 9.3 of the Loan Agreement.

10.5 Successors and Assigns. This Security Agreement shall be binding upon and inure to the benefit of the Assignor, the Agent and the other Secured Parties all future holders of the Secured Obligations and their respective successors and assigns, except that the Assignor may not assign or transfer any of its rights or obligations under this Security Agreement without the prior written consent of the Agent and each Bank.

10.6 Waivers and Amendments. None of the terms or provisions of this Security Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Assignor and the Agent. Any such amendment, supplement, modification or waiver shall apply to each of the Secured Parties equally and shall be binding upon the Assignor, and the Agent and the other Secured Parties and all future holders of the Secured Obligations. In the case of any waiver, the Assignor, the Agent and the other Secured Parties shall be restored to their former position and rights hereunder and under the outstanding Secured Obligations, and any default waived shall be deemed to be cured and not continuing, but no such waiver shall extend to any subsequent or other default, or impair any right consequent thereon.

10.7 No Waiver; Remedies Cumulative. No failure or delay on the part of the Agent in exercising any right, power or privilege hereunder and no course of dealing between the Assignor and the Agent or any other Secured Party shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Agent of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Agent would otherwise have on any future occasion. The rights and remedies herein expressly provided are cumulative may be exercised singly or concurrently and as often and in such order as the Agent deems expedient and are not exclusive of any rights or remedies which the Agent would otherwise have whether by agreement or now or hereafter existing under applicable law. No notice to or demand on the Assignor in any case shall entitle the Assignor to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Agent to any other or further action in any circumstances without notice or demand.

10.8 Termination; Release. (a) Upon the termination of all of the financing commitments of the Secured Parties under the Loan Documents and the final and indefeasible payment and performance in full of the Secured Obligations, this Security Agreement shall terminate, and the Agent, at the request and sole expense of

the Assignor, will execute and deliver to the Assignor the proper instruments (including Uniform Commercial Code termination statements) acknowledging the termination of this Security Agreement, and will duly assign, transfer and deliver to the Assignor, without recourse, representation or warranty of any kind whatsoever, such of the Collateral as may be in possession of the Agent and has not theretofore been disposed of, applied or released.

(b) The Lien created under this Security Agreement with respect to Purchased Assets which from time to time may be sold by the Assignor to Receivableco pursuant to the terms of the Receivables Purchase Agreement shall be automatically released upon the sale of such Purchased Assets to Receivableco in transactions made under and in conformity with the Receivables Purchase Agreement.

10.9 Counterparts. This Security Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

10.10 Effectiveness. This Security Agreement shall become effective on the date on which the Assignor shall have signed a counterpart hereof and shall have delivered the same to the Agent.

10.11 Headings Descriptive. The headings of the several Sections and subsections of this Security Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Security Agreement.

10.12 Marshalling. Neither the Agent nor any other Secured Party shall be under any obligation to marshal any assets in favor of the Assignor or any other Person or against or in payment of any or all of the Secured Obligations.

10.13 Severability. In case any provision in or obligation under this Security Agreement or the Secured Obligations shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obliga-

tions, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

10.14 Survival. All indemnities set forth herein shall survive the execution and delivery of this Security Agreement and the making and repayment of the Secured Obligations.

10.15 Powers Coupled with an Interest. All authorizations and agencies herein contained with respect to the Collateral are irrevocable and powers coupled with an interest.

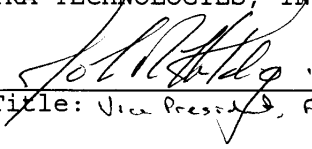
10.16 Authority of Agent. The Assignor acknowledges that the rights and responsibilities of the Agent under this Security Agreement with respect to any action taken by the Agent or the exercise or non-exercise by the Agent of any option, right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Security Agreement shall, as between the Agent and the Secured Parties, be governed by the Loan Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Agent and the Assignor, the Agent shall be conclusively presumed to be acting as agent for the Secured Parties with full and valid authority so to act or refrain from acting, and the Assignor shall not be under any obligation, or entitlement, to make any inquiry respecting such authority.

10.17 New Rolling Stock. If the Assignor shall construct or acquire any new Rolling Stock after the date of this Agreement, the Assignor shall, within ten Business Days, give the Agent written notice thereof. The Assignor hereby authorizes the Agent (i) to modify this Security Agreement unilaterally by amending Schedule V to include any new Rolling Stock so constructed or acquired and (ii) by filing in such governmental office as Agent may deem necessary or desirable, in addition to and not in substitution for this Agreement, a supplemental rolling stock security agreement or a duplicate original of this Agreement containing, on Schedule V thereto, such new Rolling Stock and to supplement or replace any UCC filings or any other filing or recordation made to perfect the security interest granted hereunder.

IN WITNESS WHEREOF, the Assignor and the Agent
have caused this Security Agreement to be duly executed
and delivered as of the date first above written.

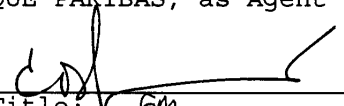
VECTRA TECHNOLOGIES, INC.

By

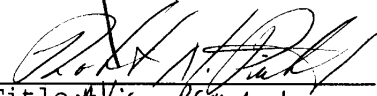

Title: Vice President, Finance

BANQUE PARIBAS, as Agent

By


Title: GM

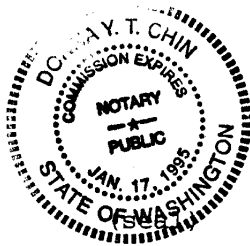
By


Title: Vice President

STATE OF WASHINGTON)
 : ss
COUNTY OF KING)

I certify that I know or have satisfactory evidence that
John Holding is the person who appeared
before me, and said person acknowledged that (he/she) signed
this instrument, on oath stated that (he/she) was authorized
to execute the instrument and acknowledged it as the
Vice President of
Vectra Technologies, Inc. to be
the free and voluntary act of such party for the uses and
purposes mentioned in the instrument.

DATED: 1/7/94



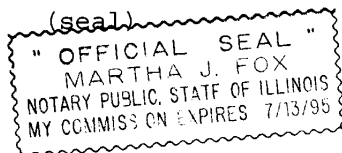
Donna Y.T. Chin
NOTARY PUBLIC
[Printed Name]
My appointment expires 1/7/95

STATE OF WASHINGTON)
 : ss
COUNTY OF KING)

I certify that I know or have satisfactory evidence that
David Yates is the person who appeared
before me, and said person acknowledged that (he/she) signed
this instrument, on oath stated that (he/she) was authorized
to execute the instrument and acknowledged it as the
General Manager of
Bayview Dances to be
the free and voluntary act of such party for the uses and
purposes mentioned in the instrument.

DATED: January 6, 1994

Martha J. Fox
NOTARY PUBLIC
Martha J. Fox
[Printed Name]
My appointment expires 7/13/95



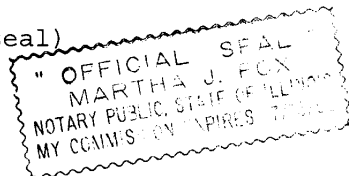
STATE OF WASHINGTON)
 : ss
COUNTY OF KING)

I certify that I know or have satisfactory evidence that
Robert M. Pinkerton is the person who appeared
before me, and said person acknowledged that (he/she) signed
this instrument, on oath stated that (he/she) was authorized
to execute the instrument and acknowledged it as the
A Vice President of
Banque Paribas to be
the free and voluntary act of such party for the uses and
purposes mentioned in the instrument.

DATED: January 6, 1994

Martha J. Fox
NOTARY PUBLIC
Martha J. Fox
[Printed Name]
My appointment expires 7/13/94

(seal)



Schedule I
to Security Agreement

FILING OFFICES FOR UCC FINANCING STATEMENTS

This Schedule I is made with respect to Section 3.1(b) of that certain Security Agreement (the "Security Agreement") dated as of January 6, 1994 between VECTRA Technologies, Inc., a Washington corporation (the "Assignor") and Banque Paribas, acting as agent for itself and the Banks and the Managing Agent (as such term is defined in the Credit Agreement referred to therein) (in such capacity, together with its successors and assigns, the "Agent"). Capitalized terms not otherwise defined in this certificate shall have the same meaning as defined in the Security Agreement.

Upon the filing of financing statements that names the Assignor as "debtor" and the Agent as "secured party" and describes the Collateral in the filing offices as set forth in this Schedule I, the security interests in the Collateral granted to the Agent for the ratable benefit of the Secured Parties will constitute (other than with respect to Collateral the perfection and priority of which is not governed by the Uniform Commercial Code of any relevant jurisdiction and fixtures at locations with respect to which no fixture filing has been made) perfected security interests therein superior and prior to all Liens (other than Liens permitted pursuant to Sections 6.3(a) and (b) of the Loan Agreement), rights or claims of all other Persons:

VECTRA Technologies, Inc.

UCC-1 - Washington - Department of Licensing

UCC-1 - Arkansas - Secretary of State

Place of Business - the office of the clerk of the circuit court and ex officio recorder (Pope County)

UCC-1 - California - Secretary of State

UCC-1 - Georgia - clerk of superior court of county where the land is located (Fulton County)

UCC-1 - Illinois - Secretary of State

UCC-1 - Maryland - Maryland State Department of Assessments

Place of Business - the office of the clerk of the circuit court (Montgomery County)

UCC-1 - Minnesota - Secretary of State

UCC-1 - North Carolina - Secretary of State

Place of Business - office of the register of deeds in the county where the land is located (Wake County)

UCC-1 - Pennsylvania - Secretary of the Commonwealth

Place of Business - office of the prothonotary of the county in which Impell Corporation has a place of business (Lawrence County)

UCC-1 South Carolina - Secretary of State

UCC-1 - Virginia - State Corporation Commission

Place of Business - county or independent city corporation where lands are affected
(Loudoun County)

Schedule II
to Security Agreement

CHIEF EXECUTIVE OFFICES AND OTHER CONTROL LOCATIONS

This Schedule II is made with respect to Section 3.3 of that certain Security Agreement (the "Security Agreement") dated as of January 6, 1994 between VECTRA Technologies, Inc., a Washington corporation (the "Company") and Banque Paribas, acting as agent for itself and the Banks and the Managing Agent (as such term is defined in the Credit Agreement referred to therein) (in such capacity, together with its successors and assigns, the "Agent"). Capitalized terms not otherwise defined in this certificate shall have the same meaning as defined in the Security Agreement.

The originals of the Receivable Records and all contracts and all Collateral Records are located at the chief executive office, as set forth in Section 3.3, or at the locations listed as follows:

VECTRA Technologies, Inc.

1010 S. 336th, Suite 220
Federal Way, WA 98003

107 Carpenter Drive, Suite 110
Sterling, VA 20164

6203 San Ignacio
San Jose, CA 95119

3955 Annapolis Lane
Plymouth, MN 55447

7555 East Collins Road
Morris, IL 60450

215 Shuman Blvd. #200
Naperville, IL 60563

710 Interstate Avenue
Russellville, AR 72801

1 Hanover Square, Suite 1502
Raleigh, NC 27601

1325 Northmeadow Pkwy
Building R, Suite 122
Roswell, GA 30076

Schedule III
to Security Agreement

LOCATIONS OF INVENTORY AND EQUIPMENT

This Schedule III is made with respect to Section 3.4 of that certain Security Agreement (the "Security Agreement") dated as of January 6, 1994 between VECTRA Technologies, Inc., a Washington corporation (the "Company") and Banque Paribas, acting as agent for itself and the Banks and the Managing Agent (as such term is defined in the Credit Agreement referred to therein) (in such capacity, together with its successors and assigns, the "Agent"). Capitalized terms not otherwise defined in this certificate shall have the same meaning as defined in the Security Agreement.

All Inventory and Equipment now or from time to time included in the Collateral is kept only at the locations listed as follows:

VECTRA Technologies, Inc.

1010 S. 336th, Suite 220
Federal Way, WA 98003

107 Carpenter Drive, Suite 110
Sterling, VA 20164

6203 San Ignacio
San Jose, CA 95119

3955 Annapolis Lane
Plymouth, MN 55447

7555 East Collins Road
Morris, IL 60450

215 Shuman Blvd. #200
Naperville, IL 60563

710 Interstate Avenue
Russellville, AR 72801

1 Hanover Square, Suite 1502
Raleigh, NC 27601

1325 Northmeadow Pkwy
Building R, Suite 122
Roswell, GA 30076

The Company is currently using its two IF300 railcars to transport fuel from Long Island Power Authority to Philadelphia Electric Company.

Schedule IV
to Security Agreement

TRADE NAMES

This Schedule IV is made with respect to Section 3.6 of that certain Security Agreement (the "Security Agreement") dated as of January 6, 1994 between VECTRA Technologies, Inc., a Washington corporation (the "Company") and Banque Paribas, acting as agent for itself and the Banks and the Managing Agent (as such term is defined in the Credit Agreement referred to therein) (in such capacity, together with its successors and assigns, the "Agent"). Capitalized terms not otherwise defined in this certificate shall have the same meaning as defined in the Security Agreement.

The only names under which the Company has conducted business during the last five years are as follows:

VECTRA Technologies, Inc.

Pacific Nuclear Systems, Inc.	Nutech, Inc.
Pacific Nuclear Technical Services	Nutech Engineers, Inc.
Pacific Nuclear Fuel Services, Inc.	Nutech Technologies Disc, Inc.
Pacific Nuclear Transportation, Inc.	Nutech International, Inc.
Pacific Nuclear Transport Services, Inc.	Nutech Engineering, Inc.
Performance Packaging, Inc.	PacNu, Inc.
Spent Fuel Services	Alaron Corporation

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Schedule V to
Security Agreement

Rolling Stock

<u>Description</u>	<u>Number</u>
IF-300	PNSX 0001
IF-300	PNSX 0002
Caboose	PNSX 0003
125-B	NPIX 100